

Message Text

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ORIGIN EA-10

INFO OCT-01 ISO-00 SP-02 AID-05 EB-07 NSC-05 CIEP-01

TRSE-00 SS-15 STR-01 OMB-01 CEA-01 COME-00 CIAE-00

INR-07 NSAE-00 PA-01 USIA-06 PRS-01 IGA-01 XMB-02

FRB-03 INT-05 ERDA-05 L-02 H-02 NEA-09 AF-06 SAM-01

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D - MR. DUEMLING

S/S -MR. LUERS

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R 132056Z MAR 75

FM SECSTATE WASHDC

TO AMEMBASSY TOKYO

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E.O. 11652: N/A

TAGS: EGEN, PARM, JA

SUBJECT: JAPANESE ECONOMIC MISSION MEETS WITH ACTING
SECRETARY

REF: TOKYO 2221

1. TEN-MAN JAPANESE ECONOMIC MISSION LED BY SUMITOMO
PRESIDENT HASEGAWA, MITSUI CHAIRMAN HASHIMOTO AND MIKI

ADVISER HIRASAWA MET WITH ACTING SECRETARY MARCH 11. IN
ADDITION TO TOPICS COVERED BELOW ACTING SECRETARY AT
REQUEST OF GROUP ALSO SUMMARIZED US OUTLOOK ON INDOCHINA,
THAILAND, KOREA, AND CUBA.

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2. NPT. ACTING SECRETARY EXPRESSED HOPE THAT DIET WOULD RATIFY NPT IN TIME TO PARTICIPATE IN REVIEW CONFERENCE IN MAY. HIRASAWA EXPRESSED SATISFACTION AT CONCLUSION OF SAFEGUARD AGREEMENT AND APPRECIATION FOR US ASSISTANCE AT VIENNA MEETING. HE SAID THAT MIKI WAS "FIGHTING" LDP HAWKS IN EFFORT TO GET IT THROUGH DIET.

3. IEA. ACTING SECRETARY DESCRIBED IEA PROGRESS AS ALMOST MIRACULOUS GIVEN SHORT TIME SPAN OF CONSUMER COUNTRY COOPERATION AND PRAISED GOJ FOR ITS CONSTRUCTIVE ROLE. NOTING THAT AGREEMENT IN PRINCIPLE HAD BEEN REACHED ON LEVEL

OF PRICE PROTECTION FOR DEVELOPMENT OF ALTERNATIVE ENERGY SOURCES, ACTING SECRETARY ASKED ATTITUDES IN JAPAN TOWARD A MINIMUM PRICE FOR ENERGY. AMBASSADOR KONDO SAID THAT HE PERSONALLY THOUGHT JAPANESE ATTITUDE WOULD BE DETERMINED BY ACTUAL PRICE LEVEL. HE SAID THAT GOJ MIGHT HAVE DIFFICULT TIME PERSUADING POPULATION TO ACCEPT MINIMUM PRICE UNLESS US WERE PREPARED TO EXPORT ENERGY TO JAPAN. ACTING SECRETARY POINTED OUT THAT EARLY AGREEMENT ON MINIMUM PRICE COULD CONVINCE OPEC MEMBERS TO DROP OIL PRICES IN NEAR FUTURE. IN ADDITION DEVELOPMENT OF ALTERNATIVE ENERGY SOURCES COULD PLACE DOWNWARD PRESSURE ON PRICES BY REDUCING DEMAND FOR OIL ON PART OF THOSE PRODUCING ENERGY FROM ALTERNATIVE SOURCES.

4. MIDDLE EAST. KONDO INQUIRED ABOUT ATTITUDES OF AMERICANS TOWARD JAPAN SINCE JAPANESE "TILT" TOWARD ARABS IN 1973. ACTING SECRETARY SAID THAT SOME AMERICANS HAD EXPRESSED DISPLEASURE AT THAT TIME BUT HE HAD NOT HEARD ANY EXPRESSIONS OF DISCONTENT WITH JAPAN'S MIDDLE EAST POLICY RECENTLY.

5. OPEC INVESTMENTS. GROUP RESPONDED AMBIGUOUSLY TO QUERY ABOUT JAPANESE ATTITUDE TO OPEC INVESTMENT. IT WAS NOTED THAT IN JAPAN ARAB INVESTORS HAD NOWHERE APPROACHED CEILINGS FOR EQUITY OWNERSHIP OF ALREADY ESTABLISHED JAPANESE FIRMS. INDIVIDUAL MEMBERS OF MISSION WELCOMED ARAB INVESTMENTS BUT BELIEVED JAPANESE BUSINESSMEN PREFERRED THAT ARABS PURCHASE CORPORATE BONDS RATHER THAN EQUITY SHARES. ONE PARTICIPANT OBSERVED THAT IT WOULD LIMITED OFFICIAL USE

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TAKE JAPANESE SOME TIME TO BECOME ACCUSTOMED TO ARAB OWNERSHIP OF JAPANESE ASSETS.

6. SIBERIAN INVESTMENT. ASKED ABOUT USG ATTITUDE TOWARD SIBERIAN ENERGY DEVELOPMENT, ACTING SECRETARY STATED THAT EVEN IF JACKSON-VANIK AND EXIMBANK CREDIT LIMITATION AMENDMENTS WERE LIFTED, THERE WAS SENTIMENT IN CONGRESS TO RETAIN RESTRICTIONS ON GOVERNMENT FINANCING OF OVERSEAS

ENERGY PROJECTS, ESPECIALLY IN USSR. OF EQUAL OR GREATER SIGNIFICANCE THERE WAS WIDESPREAD AGREEMENT THAT ECONOMIC ASPECTS OF OVERSEAS ENERGY INVESTMENTS SHOULD BE CAREFULLY EXAMINED BEFORE GOVERNMENT FINANCIAL SUPPORT IS FURNISHED.

7. TRADE ACT. MISSION MEMBERS INDICATED THERE WAS UNCERTAINTY IN JAPAN ABOUT IMPLICATIONS OF TRADE ACT. ACTING SECRETARY NOTED MISGIVINGS HAD BEEN EXPRESSED ABROAD ABOUT SAFEGUARD PROVISIONS. THESE PROVISIONS, WHICH WERE ESSENTIAL TO PASSAGE OF ACT, WERE DESIGNED TO ASSIST INDUSTRIES HARD HIT BY IMPORTS DURING TEMPORARY TRANSITION PERIOD. HE EXPRESSED VIEW THAT SIMILAR SAFEGUARD PROVISIONS SHOULD BECOME PART OF GATT. HE HOPED THAT GATT

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MEMBERS WOULD CONTINUE TO ADHERE TO LIBERALIZED TRADE ARRANGEMENTS IN SPITE OF CURRENT DIFFICULT ECONOMIC CONDITIONS. MISSION EXPRESSED CONCERN THAT ANTI-DUMPING SANCTIONS WOULD BE EASIER TO APPLY AGAINST JAPAN UNDER NEW ACT.

8. JAPANESE ECONOMY. HASHIMOTO PREDICTED THAT JAPANESE GNP WOULD BE GROWING AT 5 PERCENT ANNUAL RATE BY LATTER HALF OF 1975, BUT SAITO, NIPPON STEEL EXECUTIVE,

WAS PESSIMISTIC, ANTICIPATING WORSENING ECONOMIC CONDITIONS UNLESS GOVERNMENT MOVED QUICKLY TO STIMULATE ECONOMY. BANK OF TOKYO CHAIRMAN HARA SAID THAT GOJ TIGHT MONEY POLICY HAD ALREADY BEEN TERMINATED AND THAT GOJ WAS QUIETLY PUMPING MONEY INTO ECONOMY.

9. JAPANESE POLITICS. HIRASAWA PREDICTED ELECTIONS IN LATE FALL AND ASSERTED THAT ISHIHARA COULD WIN THE RACE FOR MAYOR OF TOKYO IF HE MANAGED TO AVOID IDEOLOGICAL DEBATE.

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Message Attributes

Automatic Decaptioning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: BUSINESSMEN, VISITS, DIPLOMATIC DISCUSSIONS, FOREIGN POLICY POSITION
Control Number: n/a
Copy: SINGLE
Draft Date: 13 MAR 1975
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: MorefiRH
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1975STATE056635
Document Source: CORE
Document Unique ID: 00
Drafter: DFSMITH:AP
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Film Number: D750089-0534
From: STATE
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1975/newtext/t19750353/aaaabvjr.tel
Line Count: 156
Locator: TEXT ON-LINE, ON MICROFILM
Office: ORIGIN EA
Original Classification: LIMITED OFFICIAL USE
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 3
Previous Channel Indicators: n/a
Previous Classification: LIMITED OFFICIAL USE
Previous Handling Restrictions: n/a
Reference: 75 TOKYO 2221
Review Action: RELEASED, APPROVED
Review Authority: MorefiRH
Review Comment: n/a
Review Content Flags:
Review Date: 09 APR 2003
Review Event:
Review Exemptions: n/a
Review History: RELEASED <09 APR 2003 by KelleyW0>; APPROVED <19 MAY 2003 by MorefiRH>
Review Markings:

Margaret P. Grafeld
Declassified/Released
US Department of State
EO Systematic Review
05 JUL 2006

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: JAPANESE ECONOMIC MISSION MEETS WITH ACTING SECRETARY
TAGS: EGEN, PARM, JA, US
To: TOKYO
Type: TE
Markings: Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 05 JUL 2006